LETTER OF UNDERSTANDING
ARTICLE 22

The attached rules for network use will be used by the parties in determining in and out-of-network benefits. In addition, the parties agree to set up a joint committee for the purpose of creating any additional guidelines and reviewing implementation. The committee will also be charged with identifying situations in which access to non-participating providers may be necessary and developing procedures to avoid balance billing in these situations.

The parties have also discussed the fact that there are some state employees who do not live in Michigan. The following are procedures in place for persons living or traveling outside Michigan:

Members who need medical care when away from Michigan can take advantage of the Third Party Administrator's National PPO program. There is a toll-free number for members to call in order to be directed to the nearest PPO provider. The member is not required to pay the physician or hospital at the time of service if he/she presents the PPO identification card to the network provider.

If a member is traveling he/she must seek services from a PPO provider. Failure to seek such services from a PPO provider will result in a member being treated as out-of-network unless the member was seeking services as the result of an emergency.

If a member resides out of state and seeks non-emergency services from a non-PPO provider, he/she will be treated as out-of-network. If there is not adequate access to a PPO provider, exceptions will be handled on a per case basis.

RULES FOR NETWORK USE

A member is considered to have access to the network based on the type of services required, if there are:

- Primary Care -Two Primary Care Physicians (PCP) within 15 miles;
- Specialty Care -Two Specialty Care Physicians (SCP) within 20 miles; and
- Hospital - One hospital within 25 miles.

The distance between the member and provider is the center-point of one zip code to the center-point of the other.

Member Costs Associated with In-Network or Out-of-Network Use

	In-Network	**Out-of-Network**

Deductible	$200/individual $400/family	$500/individual $1,000/family
Co-payments	Office Visits $10 Services 0% or 10% Emergency 0%	Most services 10% (See 2. below)
Preventive Services	Covered at 100% Limited to $500 per Calendar year per person. In January 2004, limit increases to $750.	Not covered
Out-of-Pocket Maximum	$1,000/individual $2,000/family	$2,000/individual $4,000/family

1. If a member has access to the network, the member receives benefits at the in-network level when a network provider is used. The member is responsible for the in-network deductible (if any) and co-payment (if any). If a network provider refers the member to an out-of-network SCP the member continues to pay in-network expenses.

2. If a member has access to the network, the member receives benefits at the out-of-network level when a non-network provider is used. The member is responsible for the out-of-network deductible (if any), and co-payment (if any).

    - If the non-network provider is a Blues' participating provider, the provider will accept the Blues' payment as payment in full. The member is responsible for the out-of-network deductible and co-payment. The member will not, however, be balance billed.

    - If the non-network provider is not a Blues' participating provider, the provider does not accept Blues' payment as payment in full. The member is responsible for the out-of-network deductible and co-payment. The member may also be balance billed by the provider for all amounts in excess of the Blues' approved payment amount.

When a member has access to the network and chooses to use an out-of-network provider, amounts paid toward the out-of-network deductible, co-payment or out-of-pocket maximum cannot be used to satisfy the in-network deductible, co-payments or out-of-pocket maximum.

3. If a member does not have access to the network as provided above, the member will be treated as in-network for all benefits. The member will be responsible for the in-network deductible (if any) and co-payment (if any).

4. If a member does not have access to the network but then additional providers join the network so that the member would now be considered in-network, the member will be notified and given a reasonable amount of time in which to seek care from an in-network provider. Care received from a non-network provider after that grace period will be considered out-of-network and the out-of-network deductibles, co-payments and out-of-pocket maximums will apply. If a member is undergoing a course of treatment at the time he becomes in-network, the in-network rules will continue for that course of treatment only pursuant to the PPO Standard Transition Policy. Once the course of treatment has been finished, the member must use an in-network provider or be governed by the out-of-network rules.

If a member is under a course of treatment on January 1, 2003 when the new State Health Plan is implemented, the member will be treated as in-network until the course of treatment is concluded pursuant to the PPO Standard Transition Policy. After that, the level of benefits will be governed by the in/out-of-network rules of the new State Health Plan.

LETTER OF UNDERSTANDING
DISABILITY MANAGEMENT

The parties hereby agree that this Letter shall modify those Articles and Sections of the Agreement which require that employees be fully able to perform all the duties of their position.

The parties recognize that employees may have certain temporary medical restrictions which prevent them from performing their full range of duties. Based solely on the availability of limited duty assignments and the medical limitations placed on employees, such employees may be given limited duty assignments. For the purpose of this Letter, "limited duty assignment" is defined as a Bargaining Unit assignment generally lasting 180 calendar days or less which can be performed by employees whose medical condition does not permit them to perform all of the functions of their classification. Assignments in other bargaining units shall generally last thirty (30) calendar days or less. Employees are eligible for limited duty assignment because of illness or injury and because they are temporarily unable to perform their regular job duties at full capacity. Employees with work related injuries may be offered limited duty assignments. Employees with non-work related injuries or illnesses may volunteer for such assignments. If employees volunteer for limited duty assignments they shall do so by notifying the Agency Personnel Office and the Local Union in writing of their desire to return to work.

In accordance with Articles 16 and 17, employees on sick leave, Workers' Compensation or medical leave of absence must furnish the Employer the following medical documentation from their physician:

diagnosis and prognosis of illness or injury;

projected duration of disability;

any restrictions such as physical movement, and the length of the work day;

a schedule of prescribed physical or occupational therapy;

a description of all prescribed medications and/or prosthetic devices relating to the disabling condition.

The Employer reserves the right to have employees examined by the Employer's physician, without cost to the employee, to determine whether he/she is able to return to work for full or limited duty. Employees who object to examination by a state employed doctor may be examined by a mutually approved doctor. In the absence of mutual agreement, the parties will select a physician from recommendations from a county or local medical society, by alternate striking, if necessary.

After the initial medical documentation has been furnished, employees will be required to provide additional documentation upon request by the Employer, if their medical condition changes, or if the limitations recommended by the treating physician change.

In accordance with paragraph 2, limited duty assignments will generally be for a period not to exceed 180 calendar days. Extensions may be considered on a case by case basis based on medical documentation.

Limited duty assignment shall be made in accordance with the physician's recommendations. Employees who feel they are unable to complete assignments within a pain free range will be required to notify their supervisor immediately and may be required to provide medical certification relating to the assignment. The Employer will make an effort to keep employees on the same shift and schedule while they are on limited duty assignment. There shall be no loss of pay or benefits for employees in limited duty assignments. Such employees may work both voluntary and mandatory overtime in accordance with the medical certification.

Employees are not required to accept such assignments. However, the Employer reserves the right to notify the State's Workers' Compensation insurance carrier that an offer of employment was made.

The Local Union President shall be notified when employees are given limited duty assignments and what the employee will be doing. The Local Union President will also be notified as employees are returned to full duty.

Problems arising under this Letter shall be raised in Agency Labor-Management meetings and shall not be grieved until such discussions have taken place. The time

limits in Article 9 shall be extended for this purpose only. If the problems cannot be resolved at the Agency, the Union may bring the problems to the attention of the Central Department Personnel Office. This request for assistance may be at the Department Labor-Management meeting or by telephone.

LETTER OF UNDERSTANDING
PERSONAL LEAVE DAY

The parties agree to the following expedited procedure for handling denials of requested personal leave days.

When an employee has submitted a written request to utilize a personal leave day at least ninety-six hours prior to the beginning of the pay period and when such request has been denied, the employee may present a grievance to the Step One representative with a request to expedite the grievance. If not expedited to the satisfaction of the Union, the Union may verbally contact the Step Two representative, explain the situation and request an expedited answer. If not expedited to the satisfaction of the Union, the Union may contact the Step Three representative, explain the situation and request an expedited answer.

At each step, every effort will be made to answer the grievance prior to the date the personal leave is to be taken.

LETTER OF UNDERSTANDING
Article 22, Section V – Longevity Pay

The parties agree to jointly pursue the creation of a 401(K) match option, which would be offered no later than the 2001 longevity payment. Employees may choose to take the cash payment or have the employer place the employee's longevity payment plus 50% of the associated retirement and Employer FICA savings into the employee's 401(K) account consistent with the previous lump sum payment matches. To be eligible for this option, the employee must contribute an equal amount into his/her 401(K) account. This provision must be administered consistent with IRS regulations.

LETTER OF AGREEMENT
COMPENSATORY TIME

The parties agree that should legislation be enacted that would provide Bargaining Unit employees the right to "bank" overtime hours as compensatory time, the parties will meet upon written request of either party to negotiate the implementation of such legislation.

LETTER OF AGREEMENT
EMPLOYEES AT ANNUAL LEAVE MAXIMUM

The parties agree that verification of discussion of the issue concerning scheduling of annual leave for employees approaching the maximum hour limit shall be one of the following:

1. Minutes of the Labor Management Meeting at which this item was discussed.

2. Signed documentation confirming that the subject was discussed at a labor management meeting. This documentation shall be signed both by a Representative of the Employer and a Representative of the Local Union.

LETTER OF UNDERSTANDING
HUMAN RESOURCES MANAGEMENT NETWORK (HRMN)

During negotiations in 2001 the parties reviewed changes in terminology that resulted from the implementation of the new payroll-personnel system, HRMN. The parties have elected to continue to use terminology that existed prior to the implementation of HRMN even though that same terminology is not utilized in HRMN. The parties agree that the HRMN terminology does not alter the meaning of the contract language unless specifically agreed otherwise.

Examples include the terms "Transfer, Reassignment, and Demotion" which are called "job change" in HRMN. The HRMN history record will show each of these transactions as a job change, however they will continue to have the same contractual meaning they had prior to the implementation of HRMN.

LETTER OF UNDERSTANDING
Michigan Schools for the Deaf and Blind

The parties have discussed the special pay and time accrual practices which have existed at the Michigan Schools for the Deaf and Blind for many years. The parties agree to continue those practices with the understanding that they are to be documented and brought before the Civil Service Commission for approval at their next scheduled meeting.